

IOWA NORTHLAND REGIONAL  
COUNCIL OF GOVERNMENTS

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2022

- Prepared By -

Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616-2036  
Phone (641) 257-4222

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# IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS

## OFFICIALS

<u>Name</u>	<u>Representing</u>	<u>Name</u>	<u>Representing</u>
Duane Hildebrandt, Chair	Bremer County	George Wessel	City of Hudson
Linda Laylin, Vice-Chair	Black Hawk County	Brad Bleichner	City of Independence
Mark Schildroth, Secretary	Grundy County	Randy Taylor	City of Ionia
Gary Gissel, Treasurer	Buchanan County	David Beenblossom	City of Janesville
Greg Barnett	Butler County	Chris Even	City of Jesup
Scot Henrichs	City of Allison	Jasmine Gaston	City of LaPorte City
Frank Burke	City of Alta Vista	Mary Ann Dozark	City of Lamont
Jason Mehmen	City of Aplington	Mark Mueterthies	City of Lawler
Rodney McKinney	City of Aredale	David Hach	City of Morrison
Dave Young	City of Aurora	Alex Anthofer	City of Nashua
Ann Smith	City of Beaman	Bobby Schwickerath	City of New Hampton
Guy Stacy	City of Brandon	Matthew Kuhn	Chickasaw County
Dennis Peterson	City of Bristow	David Geerts	City of North Washington
Rob Green	City of Cedar Falls	Dennis Canfield	City of New Hartford
Michael Grantham	City of Clarksville	Mike Timmer	City of Parkersburg
Jeff Martin	City of Conrad	Tom Geise	City of Plainfield
Rod Diercks	City of Denver	Ben Stanford	City of Quasqueton
Mike Soppe	City of Dike	Gary Vick	City of Raymond
Edwin Mouw	City of Dumont	Dan Wedemeier	City of Readlyn
Michael Schares	City of Dunkerton	Ash Larsen	City of Reinbeck
Lisa Smock	City of Elk Run Heights	Sue Webster	City of Rowley
Deanne Kolbiska	City of Evansdale	Larry Young	City of Shell Rock
Vacant	City of Fairbank	Rodger Sill	City of Stanley
James Mitchell	City of Fredericksburg	John Ross	City of Stout
Duane Meihost	City of Frederika	Billy Lehmkuhl	City of Sumner
Mark Thome	City of Gilbertville	Brendt Bernard	City of Tripoli
Warren VanDyke	City of Greene	Quentin Hart	City of Waterloo
Paul Eberline	City of Grundy Center	Adam Hoffman	City of Waverly
Darren Hayzlett	City of Hazelton	Eric Minter	City of Wellsburg
Scott Borchardt	City of Holland	Gerald Dennie	City of Winthrop
Kevin Blanshan	Executive Director		



Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616

(641) 257-4222  
or (641) 228-2812  
Fax (641) 228-1513

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Iowa Northland Regional Council of Governments  
Waterloo, IA 50703

### Report on the Audit of the Financial Statements

#### Opinions

I have audited the accompanying financial statements of the Iowa Northland Regional Council of Governments (INRCOG), as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise INRCOG's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of INRCOG as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of INRCOG, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### Emphasis of Matter

As discussed in Note 9 to the financial statements, INRCOG adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. My opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about INRCOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of INRCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about INRCOG's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability, the Schedule of Agency Contributions and the Schedule of Changes in the Agency's Total OPEB Liability, Related Ratios and Notes on pages 5 through 7 and 23 through 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise INRCOG's basic financial statements. I previously audited, in accordance with the standards referred to in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information in Schedules 1 through 4 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Officials section on page 1 and the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 8, 2022 on my consideration of INRCOG's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the INRCOG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering INRCOG's internal control over financial reporting and compliance.



Charles City, Iowa  
December 8, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Iowa Northland Regional Council of Governments (INRCOG) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. I encourage readers to consider this information in conjunction with INRCOG's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- INRCOG's operating revenues increased 17.7%, or \$789,425, from fiscal 2021 to fiscal 2022. Grants increased due to an increase in transportation funds.
- INRCOG's operating expenses were 7.3%, or \$251,665 more in fiscal 2022 than in fiscal 2021 due mainly to increased contracted services.
- INRCOG's net position increased 27.4%, or \$1,573,315, from June 30, 2021 to June 30, 2022.

### **USING THIS ANNUAL REPORT**

The Iowa Northland Regional Council of Governments is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to INRCOG's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of INRCOG's financial activities.

The Statement of Net Position presents information on INRCOG's assets and deferred outflows of resources less the Agency's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of INRCOG is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on INRCOG's operating revenues and expenses, non-operating revenues and expenses and whether INRCOG's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in INRCOG's cash and cash equivalents during the year. This information can assist readers of the report in determining how INRCOG financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the revenues, expenses and changes in net position, in addition to providing detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

## FINANCIAL ANALYSIS OF THE AGENCY

### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of INRCOG's financial position. INRCOG's net position at the end of fiscal year 2022 totaled approximately \$7,318,169. This compares to approximately \$5,744,854 at the end of fiscal 2021. A summary of INRCOG's net position is presented below.

Net Position		June 30,	
		2022	2021
Current assets		\$ 5,862,323	\$ 4,885,856
Non-current assets		503,353	286,273
Capital assets at cost, less accumulated depreciation		2,008,709	1,834,804
Total assets		<u>\$ 8,374,385</u>	<u>\$ 7,006,933</u>
Deferred outflows of resources		\$ 278,996	\$ 306,380
Current liabilities		\$ 411,765	\$ 432,560
Noncurrent liabilities		23,059	1,057,990
Total liabilities		<u>\$ 434,824</u>	<u>\$ 1,490,550</u>
Deferred inflows of resources		\$ 900,388	\$ 77,909
Net position:			
Net investment in capital assets		\$ 2,008,709	\$ 1,834,804
Restricted		64,979	60,173
Unrestricted		<u>5,244,481</u>	<u>3,849,877</u>
Total net position		<u>\$ 7,318,169</u>	<u>\$ 5,744,854</u>

### Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received from federal grants, state grants, and other local sources. Operating expenses are expense paid to operate the transit systems and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021 is presented below:

Changes in Net Position		Year Ended June 30,	
		2022	2021
Operating Revenues:			
Grants		\$ 3,301,422	\$ 2,578,175
Program reimbursements and other local sources		1,957,342	1,891,164
Total operating revenues		<u>\$ 5,258,764</u>	<u>\$ 4,469,339</u>
Operating Expenses		<u>3,715,005</u>	<u>3,463,340</u>
Operating Income		<u>\$ 1,543,759</u>	<u>\$ 1,005,999</u>
Non-operating revenues:			
Interest income		\$ 16,398	\$ 13,964
Gain on sale of capital assets		13,158	25,700
Net non-operating revenues		<u>\$ 29,556</u>	<u>\$ 39,664</u>
Change in net position		\$ 1,573,315	\$ 1,045,663
Net position beginning of year		<u>5,744,854</u>	<u>4,699,191</u>
Net position end of year		<u>\$ 7,318,169</u>	<u>\$ 5,744,854</u>



The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$1,573,315. This increase was due to increased operating revenues.
- INRCOG's operating expenses (without depreciation) were \$3,353,776 and operating revenues were \$5,258,764. With depreciation, the total expenses were \$3,715,005 and operating revenues remained at \$5,258,764.
- State funds and federal funds for the year totaled \$3,301,422. These same funding sources for the previous fiscal year totaled \$2,578,175. These same funding sources are projected to decrease from fiscal year 2022 to fiscal year 2023.

#### *Statement of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by the operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

#### **CAPITAL ASSETS**

At June 30, 2022, INRCOG had approximately \$2,008,709 invested in capital assets, net of accumulated depreciation of approximately \$1,853,208. Depreciation expense totaled \$361,229 for fiscal year 2022. More detailed information about INRCOG's capital assets is presented in Note 4 to the financial statements.

#### **ECONOMIC FACTORS**

The Iowa Northland Regional Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2023 budget and fees that will be charged for Agency activities. INRCOG general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

#### **CONTACTING INRCOG'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of INRCOG's finances and to show INRCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa Northland Regional Council of Governments, 229 E Park Avenue, Waterloo, IA 50703.

## **Basic Financial Statements**

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Iowa Northland Regional Transit Commission</u>	<u>Council of Governments</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$2,521,072	\$2,312,622	\$4,833,694
Investments (at amortized cost)	111,999	223,999	335,998
Accounts receivable	217,967	326,753	544,720
Notes receivable	-	140,203	140,203
Prepaid expenses	-	7,708	7,708
Total current assets	<u>\$2,851,038</u>	<u>\$3,011,285</u>	<u>\$5,862,323</u>
Noncurrent assets:			
Notes receivable	\$ -	\$ 503,353	\$ 503,353
Capital assets:			
Furniture and equipment	\$ 16,245	\$ 204,923	\$ 221,168
Vehicles - unrestricted	477,989	-	477,989
Vehicles - restricted	1,170,179	-	1,170,179
Building and improvements	-	1,992,581	1,992,581
Total	<u>\$1,664,413</u>	<u>\$2,197,504</u>	<u>\$3,861,917</u>
Less accumulated depreciation	(892,223)	(960,985)	(1,853,208)
Net capital assets	<u>\$ 772,190</u>	<u>\$1,236,519</u>	<u>\$2,008,709</u>
<b>Total assets</b>	<b><u>\$3,623,228</u></b>	<b><u>\$4,751,157</u></b>	<b><u>\$8,374,385</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	\$ 111,306	\$ 167,690	\$ 278,996
<b>LIABILITIES:</b>			
Current liabilities:			
Trade accounts payable	\$ -	\$ 61,793	\$ 61,793
Accrued wages and payroll taxes payable	34,559	29,201	63,760
Accrued benefits payable	14,371	20,780	35,151
Unearned revenue	-	251,061	251,061
Total current liabilities	<b><u>\$ 48,930</u></b>	<b><u>\$ 362,835</u></b>	<b><u>\$ 411,765</u></b>
Noncurrent liabilities:			
Net pension liability	\$ 6,015	\$ 17,044	\$ 23,059
<b>Total liabilities</b>	<b><u>\$ 54,945</u></b>	<b><u>\$ 379,879</u></b>	<b><u>\$ 434,824</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related deferred inflows	\$ 236,560	\$ 663,828	\$ 900,388
<b>NET POSITION:</b>			
Net investment in capital assets	\$ 772,190	\$1,236,519	\$2,008,709
Restricted for:			
Housing Trust Funds	-	64,979	64,979
Unrestricted	<u>2,670,839</u>	<u>2,573,642</u>	<u>5,244,481</u>
<b>Total net position</b>	<b><u>\$3,443,029</u></b>	<b><u>\$3,875,140</u></b>	<b><u>\$7,318,169</u></b>

See Notes to Financial Statements.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2022**

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Federal funds	\$1,288,446	\$1,169,590	\$2,458,036
State funds	403,215	440,171	843,386
Local funds:			
Contract revenue	693,727	974,967	1,668,694
Membership revenue	-	112,442	112,442
In kind	-	136,159	136,159
Miscellaneous	-	40,047	40,047
Total operating revenues	<u>\$2,385,388</u>	<u>\$ 2,873,376</u>	<u>\$5,258,764</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	\$ -	\$ 1,236,377	\$1,236,377
Drivers' salaries and benefits	449,331	-	449,331
Travel	-	11,017	11,017
Meals	-	458	458
Seminars	26	1,784	1,810
Telephone/internet	1,295	5,959	7,254
Contracted services	263,960	742,976	1,006,936
Office supplies	1,268	5,465	6,733
Miscellaneous	1,121	2,290	3,411
Postage	1,536	4,885	6,421
Bad debt	3,679	-	3,679
Copy expense	2,676	4,028	6,704
Advertising and notices	3,312	8,871	12,183
Professional memberships	2,351	15,169	17,520
Recording fees	-	322	322
Administrative overhead	81,774	-	81,774
Transportation cost	253,412	-	253,412
Administrative expense - EDA RLF	-	1,090	1,090
Provision for forgivable loan	-	82,395	82,395
Insurance	10,118	32,726	42,844
Equipment maintenance	267	29,222	29,489
Service agreement	-	25,753	25,753
Utilities	-	18,543	18,543
Inspections	-	1,009	1,009
Depreciation	270,078	91,151	361,229
Legal and accounting	20,316	19,891	40,207
Radio service	7,104	-	7,104
Total operating expenses	<u>\$1,373,624</u>	<u>\$ 2,341,381</u>	<u>\$3,715,005</u>
Operating Income	<u>\$1,011,764</u>	<u>\$ 531,995</u>	<u>\$1,543,759</u>
Non-operating revenues (expenses):			
Interest income	\$ 4,402	\$ 11,996	\$ 16,398
Gain (loss) on sale of capital assets	13,158	-	13,158
Net non-operating revenues	<u>\$ 17,560</u>	<u>\$ 11,996</u>	<u>\$ 29,556</u>
Change in net position	\$1,029,324	\$ 543,991	\$1,573,315
Net position beginning of year	<u>2,413,705</u>	<u>3,331,149</u>	<u>5,744,854</u>
<b>Net position end of year</b>	<b><u>\$3,443,029</u></b>	<b><u>\$ 3,875,140</u></b>	<b><u>\$7,318,169</u></b>

*See Notes to Financial Statements.*

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Iowa Northland</b>		
	<b>Regional</b>	<b>Council</b>	
	<b>Transit</b>	<b>of</b>	
	<b>Commission</b>	<b>Governments</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from membership revenue	\$ -	\$ 112,442	\$ 112,442
Cash received from contract fees	710,020	1,068,957	1,778,977
Cash received from miscellaneous sources	-	40,047	40,047
Cash received from state operating grants	367,795	440,171	807,966
Cash received from federal operating grants	1,456,548	1,011,610	2,468,158
Cash paid for salaries and benefits	(447,740)	(1,232,235)	(1,679,975)
Cash paid for administration	(1,092,265)	(1,322,510)	(2,414,775)
Net cash provided by operating activities	<u>\$ 994,358</u>	<u>\$ 118,482</u>	<u>\$1,112,840</u>
Cash flows from capital and related financing activities:			
Cash received from federal capital grants	\$ 411,742	\$ -	\$ 411,742
Net acquisition of capital assets	(484,404)	(54,593)	(538,997)
Net cash used by capital and related financing activities	<u>\$ (72,662)</u>	<u>\$ (54,593)</u>	<u>\$ (127,255)</u>
Cash flows from investing activities:			
Cash paid for investments	\$ (341)	\$ (683)	\$ (1,024)
Interest received	4,402	11,996	16,398
Net cash provided by investing activities	<u>\$ 4,061</u>	<u>\$ 11,313</u>	<u>\$ 15,374</u>
Net increase in cash and cash equivalents	\$ 925,757	\$ 75,202	\$1,000,959
Cash and cash equivalents beginning of year	<u>1,595,315</u>	<u>2,237,420</u>	<u>3,832,735</u>
<b>Cash and cash equivalents end of year</b>	<b><u>\$2,521,072</u></b>	<b><u>\$2,312,622</u></b>	<b><u>\$4,833,694</u></b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$1,011,764	\$ 531,995	\$1,543,759
Adjustments for long-term non-cash items:			
Depreciation	270,078	91,151	361,229
Revenues and expenses not classified as operating	(364,721)	-	(364,721)
Changes in assets and liabilities:			
(Increase) decrease in accounts and notes receivables	118,975	(335,948)	(216,973)
(Increase) decrease in prepaid expenses	-	(4,591)	(4,591)
(Decrease) increase in accounts payable	(1,838)	21,370	19,532
(Decrease) increase in accrued wages payable	1,266	5,458	6,724
(Decrease) increase in accrued benefits payable	325	(1,316)	(991)
(Decrease) in unearned revenue	-	(46,060)	(46,060)
Increase (decrease) in net pension liability	(222,703)	(812,228)	(1,034,931)
(Increase) decrease in deferred outflow of resources	(30,397)	57,781	27,384
Increase (decrease) in deferred inflow of resources	<u>211,609</u>	<u>610,870</u>	<u>822,479</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 994,358</u></b>	<b><u>\$ 118,482</u></b>	<b><u>\$1,112,840</u></b>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See Notes to Financial Statements.*

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(1) Organization**

The Iowa Northland Regional Council of Governments (INRCOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 7 which includes Black Hawk, Bremer, Buchanan, Butler, Chickasaw, and Grundy counties. INRCOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). INRCOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. INRCOG also provides transportation services to the elderly, disabled and rural areas through the Iowa Northland Regional Transit Commission. In performing its duties, INRCOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

For financial reporting purposes, INRCOG has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with INRCOG are such that exclusion would cause INRCOG's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of INRCOG to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on INRCOG. INRCOG has no component units which meet the Governmental Accounting Standards Board criteria.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accounts of INRCOG are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statement of Net Position presents INRCOG's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

(2) Summary of Significant Accounting Policies - continued

(b) Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Agency's policy is to pay the expenditure from restricted fund balance and then from less-restrictive fund balances.

INRCOG distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the INRCOG's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(c) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Cash Equivalents - The cash balances are invested. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Investments - Consist of non-negotiable certificates of deposits and deposits on money market accounts. Investments are stated at fair value except for the non-negotiable certificates of deposit which are valued at amortized cost.

Notes Receivable - This account is utilized to record revolving loan funds loaned to eligible homeowners with the intent that if certain target performances have been satisfied, a portion of the loans may be forgiven.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by INRCOG as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Furniture and Equipment	\$ 250
Vehicles	500
Moving Costs	500
Leasehold Improvements	500
Building and Improvements	500

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

(2) Summary of Significant Accounting Policies - continued

Capital assets of INRCOG are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In years)</u>
Furniture and Equipment	5
Vehicles	5
Moving Costs	5
Leasehold Improvements	5-39
Building and Improvements	5-39

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Agency after the measurement date but before the end of the Agency's reporting period.

Accrued Benefits Payable - Accrued benefits payable are earned vacation time and have been accrued as liabilities on the statement of net position. These current liabilities have been computed based on rates of pay in effect at June 30, 2022.

Unearned Revenue - Unearned revenue represents dues received from members for the next year and various grant advanced funding.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Restricted Net Position - The Council of Government's restricted net position represents the reserve for housing trust funds. These amounts are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.



IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

(3) Cash and Investments

INRCOG's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

INRCOG is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency invests in savings accounts and certificates of deposit. INRCOG had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72. The Agency has no policies regarding custodial credit risk or foreign currency risk.

At June 30, 2022, the Agency had the following investments:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	\$335,998	\$335,998

The Agency uses the fair value hierarchy established by generally accepted accounting principals based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the certificates of deposit was determined using other observable inputs. (Level 2 inputs)

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The Agency did not invest in any commercial paper or other corporate debt during the year.

Concentration of credit risk: The Agency's investment policy does not allow for a prime banker's acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments, further limited to no more than five percent from a single issuer. The Agency held no such investments during the year.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of any outside party. The custodial credit risk for investments is the risk that, in the event of the failure of

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(3) Cash and Investments - continued**

the counterparty to a transaction, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all Agency funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2022, the Agency's deposits were entirely insured by federal depository insurance or insured by the state through pooled collateral, state sinking funds, and by the state's ability to assess for lost funds. The Agency's investments are not exposed to custodial credit risk as of June 30, 2022, as they are held by financial institutions in the name of the Agency.

Interest rate risk - INRCOG's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of INRCOG.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 223,264	\$ 6,665	\$ 25,006	\$ 204,923
Building and improvements	<u>1,944,653</u>	<u>47,928</u>	<u>-</u>	<u>1,992,581</u>
Total capital assets being depreciated	<u>\$2,167,917</u>	<u>\$ 54,593</u>	<u>\$ 25,006</u>	<u>\$ 2,197,504</u>

Less: accumulated depreciation for:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 144,907	\$ 28,883	\$ 25,006	\$ 148,784
Building and improvements	<u>749,933</u>	<u>62,268</u>	<u>-</u>	<u>812,201</u>
Total accumulated depreciation	<u>\$ 894,840</u>	<u>\$ 91,151</u>	<u>\$ 25,006</u>	<u>\$ 960,985</u>
Total capital assets, net	<u>\$1,273,077</u>	<u>\$ (36,558)</u>	<u>\$ -</u>	<u>\$ 1,236,519</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(4) Capital Assets - continued**

<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 27,757	\$ -	\$ 11,512	\$ 16,245
Vehicles - unrestricted	401,849	103,823	27,683	477,989
Vehicles - restricted	<u>1,093,841</u>	<u>380,580</u>	<u>304,242</u>	<u>1,170,179</u>
Total capital assets being depreciated	<u>\$1,523,447</u>	<u>\$ 484,403</u>	<u>\$ 343,437</u>	<u>\$1,664,413</u>

Less: accumulated depreciation for:

<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 21,632	\$ 1,955	\$ 7,342	\$ 16,245
Vehicles - unrestricted	204,218	157,902	27,991	334,129
Vehicles - restricted	<u>735,870</u>	<u>110,221</u>	<u>304,242</u>	<u>541,849</u>
Total accumulated depreciation	<u>\$ 961,720</u>	<u>\$ 270,078</u>	<u>\$ 339,575</u>	<u>\$ 892,223</u>
Total capital assets, net	<u>\$ 561,727</u>	<u>\$ 214,325</u>	<u>\$ 3,862</u>	<u>\$ 772,190</u>

**(5) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the Agency, except those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

(5) Pension Plan - continued

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Agency's contributions to IPERS for the year ended June 30, 2022 totaled \$36,044 for Regional Transit Commission and \$101,793 for Council of Governments.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the Agency Regional Transit Commission (RTC) reported a liability of \$6,015 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The RTC's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(5) Pension Plan - continued**

all IPERS participating employers. At June 30, 2021, RTC's proportion was 0.004291%, which was an increase of 0.001012% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, RTC recognized pension expense of \$(5,447). At June 30, 2022, RTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,577	\$ 4,595
Changes of assumptions	3,934	-
Net difference between projected and actual earnings on IPERS investments	-	217,941
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	66,751	14,024
Agency contributions subsequent to the measurement date	<u>36,044</u>	<u>-</u>
<b>Total</b>	<b><u>\$111,306</u></b>	<b><u>\$236,560</u></b>

\$36,044 reported as deferred outflows of resources related to pensions resulting from Agency Regional Transit Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	<u>Total</u>
2022	\$ (40,139)
2023	(39,745)
2024	(37,802)
2025	(48,576)
2026	<u>4,964</u>
Total	<u>\$ (161,298)</u>

There were no non-employer contributing entities to IPERS.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the Agency Council of Governments (COG) reported a liability of \$17,044 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(5) Pension Plan - continued**

valuation as of that date. The COG's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the COG's proportion was 0.012158%, which was an increase of 0.00027% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Council of Governments recognized pension expense of \$(41,784). At June 30, 2022, the COG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,968	\$ 13,021
Changes of assumptions	11,149	-
Net difference between projected and actual earnings on IPERS investments	-	617,547
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	41,780	33,260
Agency contributions subsequent to the measurement date	<u>101,793</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 167,690</u></b>	<b><u>\$ 663,828</u></b>

\$101,793 reported as deferred outflows of resources related to pensions resulting from Agency Council of Governments contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2022	\$ (142,991)
2023	(149,854)
2024	(141,073)
2025	(166,326)
2026	<u>2,313</u>
Total	<u>\$ (597,931)</u>

There were no non-employer contributing entities to IPERS.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(5) Pension Plan - continued**

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
<b>Total</b>	<b><u>100.0%</u></b>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

(5) **Pension Plan** - continued

was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Agency's proportionate share of the net pension liability:			
Regional Transit Commission	\$ 212,899	\$ 6,015	\$(167,366)
Council of Governments	\$ 603,258	\$ 17,044	\$(474,240)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

(6) **Other Post Employment Benefits (OPEB)**

Plan Description - The Agency administers a single-employer benefit plan which provides medical, prescription and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the Agency and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same age adjusted premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, there were 16 active employees and no retirees covered by the plan.

Net OPEB Liability - Management of the Agency considers any OPEB obligation, which may exist, to be immaterial.

(7) **Risk Management**

INRCOG is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. INRCOG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
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JUNE 30, 2022

(8) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economics, including that of INRCOG, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of INRCOG. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Agency.

(9) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities. The Agency had no leases during fiscal year 2022.

### Required Supplementary Information

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST EIGHT YEARS \*  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION

	RTC	
	2022	2021
Agency's proportion of the net pension liability	0.004291%	0.003279%
Agency's proportionate share of the net pension liability	\$ 6	\$ 229
Agency's covered payroll	\$ 348	\$ 258
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	1.72%	88.76%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%

	COG	
	2022	2021
Agency's proportion of the net pension liability	0.012158%	0.011888%
Agency's proportionate share of the net pension liability	\$ 17	\$ 829
Agency's covered payroll	\$ 987	\$ 937
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	1.72%	88.47%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

*See Accompanying Independent Auditor's Report.*

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.003566%	0.003057%	0.003280%	0.002946%	0.002825%	0.002778%
\$ 208	\$ 328	\$ 217	\$ 184	\$ 140	\$ 112
\$ 273	\$ 225	\$ 243	\$ 210	\$ 195	\$ 188
76.19%	145.78%	89.30%	87.62%	71.79%	59.57%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.011463%	0.012361%	0.011507%	0.011565%	0.011324%	0.012797
\$ 668	\$1,327	\$ 760	\$ 721	\$ 563	\$ 519
\$ 878	\$ 929	\$ 850	\$ 822	\$ 781	\$ 855
76.08%	142.84%	89.41%	87.71%	72.09%	60.70%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF AGENCY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST EIGHT YEARS  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION

	RTC	
	2022	2021
Statutorily required contribution	\$ 36	\$ 33
Contributions in relation to the statutorily required contribution	( 36)	(33)
Contribution deficiency (excess)	\$ -	\$ -
Agency's covered payroll	\$ 381	\$ 348
Contributions as a percentage of covered payroll	9.44%	9.44%

	COG	
	2022	2021
Statutorily required contribution	\$ 102	\$ 93
Contributions in relation to the statutorily required contribution	(102)	(93)
Contribution deficiency (excess)	\$ -	\$ -
Agency's covered payroll	\$ 1,078	\$ 987
Contributions as a percentage of covered payroll	9.44%	9.44%

*See Accompanying Independent Auditor's Report.*

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 24	\$ 26	\$ 20	\$ 22	\$ 19	\$ 17
(24)	(26)	(20)	(22)	(19)	\$ (17)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 258	\$ 273	\$ 225	\$ 243	\$ 210	\$ 195
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 88	\$ 83	\$ 83	\$ 76	\$ 73	\$ 70
(88)	(83)	(83)	(76)	(73)	\$ (70)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 937	\$ 978	\$ 929	\$ 850	\$ 822	\$ 781
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2022**

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## Supplementary Information



IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF PROGRAM NET POSITION  
JUNE 30, 2022

	Housing Trust Funds	Other Programs	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 114,928	\$2,197,694	\$2,312,622
Investments (at cost)	-	223,999	223,999
Accounts receivable	-	326,753	326,753
Notes receivable	61,330	78,873	140,203
Prepaid expenses	-	7,708	7,708
Total current assets	<u>\$ 176,258</u>	<u>\$2,835,027</u>	<u>\$3,011,285</u>
Noncurrent assets:			
Notes receivable	<u>\$ -</u>	<u>\$ 503,353</u>	<u>\$ 503,353</u>
Capital assets:			
Furniture and equipment	\$ -	\$ 204,923	\$ 204,923
Building and improvements	-	<u>1,992,581</u>	<u>1,992,581</u>
Total	<u>\$ -</u>	<u>\$2,197,504</u>	<u>\$2,197,504</u>
Less accumulated depreciation	-	<u>(960,985)</u>	<u>(960,985)</u>
Net capital assets	<u>\$ -</u>	<u>\$1,236,519</u>	<u>\$1,236,519</u>
<b>Total assets</b>	<b><u>\$ 176,258</u></b>	<b><u>\$4,574,899</u></b>	<b><u>\$4,751,157</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension restated deferred outflows	<u>\$ -</u>	<u>\$ 167,690</u>	<u>\$ 167,690</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Trade accounts payable	\$ -	\$ 61,793	\$ 61,793
Accrued wages and payroll taxes	-	29,201	29,201
Accrued benefits payable	-	20,780	20,780
Unearned revenue	111,279	139,782	251,061
Total current liabilities	<u>\$ 111,279</u>	<u>\$ 251,556</u>	<u>\$ 362,835</u>
Noncurrent liabilities:			
Net pension liability	<u>\$ -</u>	<u>\$ 17,044</u>	<u>\$ 17,044</u>
<b>Total liabilities</b>	<b><u>\$ 111,279</u></b>	<b><u>\$ 268,600</u></b>	<b><u>\$ 379,879</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenues:			
Pension restated deferred inflows	<u>\$ -</u>	<u>\$ 663,828</u>	<u>\$ 663,828</u>
<b>NET POSITION:</b>			
Net investment in capital assets	\$ -	\$1,236,519	\$1,236,519
Restricted for:			
Housing trust funds	64,979	-	64,979
Unrestricted	<u>-</u>	<u>2,573,642</u>	<u>2,573,642</u>
<b>Total net position</b>	<b><u>\$ 64,979</u></b>	<b><u>\$3,810,161</u></b>	<b><u>\$3,875,140</u></b>

*See Accompanying Independent Auditor's Report.*

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF SELECTED REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2022**

	<u>Waterloo HTF #7</u>	<u>Waterloo HTF #8</u>	<u>Waterloo HTF #9</u>
<b>OPERATING REVENUES:</b>			
Federal funds	\$ -	\$ -	\$ -
State funds	84,437	86,030	2,729
Local funds	20,386	19,871	-
Total operating revenues	<u>\$ 104,823</u>	<u>\$ 105,901</u>	<u>\$ 2,729</u>
<b>OPERATING EXPENSES:</b>			
Salaries and fringe benefits	\$ 2,497	\$ 4,954	\$ 1,507
Travel	-	-	-
Meals	-	-	-
Seminars	-	-	-
Telephone/internet	-	-	-
Contracted services	101,926	98,383	416
Office supplies	-	-	-
Miscellaneous	-	-	-
Postage	-	31	15
Copy expense	33	73	14
Advertising and notices	-	36	-
Professional memberships	-	-	-
Recording fees	-	-	-
Administrative overhead	774	1,534	467
Administrative expense - EDA RLF	-	-	-
Provision for forgivable loan	-	-	-
Insurance	-	-	-
Equipment maintenance	-	-	-
Service agreement	-	-	-
Utilities	-	-	-
Inspections	-	-	-
Depreciation	-	-	-
Legal and accounting	-	890	310
Total operating expenses	<u>\$ 105,230</u>	<u>\$ 105,901</u>	<u>\$ 2,729</u>
Operating Income (loss)	<u>\$ (407)</u>	<u>\$ -</u>	<u>\$ -</u>
Non-operating revenues (expenses):			
Interest income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position	<u><u>\$ (407)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

*See Accompanying Independent Auditor's Report.*

<b>HTF 16</b>	<b>HTF 17</b>	<b>HTF 18</b>	<b>Other Programs</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$1,169,590	\$1,169,590
73,749	186,469	6,757	-	440,171
12,000	30,901	-	1,180,457	1,263,615
<u>\$ 85,749</u>	<u>\$ 217,370</u>	<u>\$ 6,757</u>	<u>\$2,350,047</u>	<u>\$2,873,376</u>
\$ 3,048	\$ 16,446	\$ 4,703	\$1,203,222	\$1,236,377
-	-	-	11,017	11,017
-	-	-	458	458
-	-	-	1,784	1,784
2	4	24	5,929	5,959
55,517	134,601	-	352,133	742,976
-	-	-	5,465	5,465
-	-	-	2,290	2,290
44	113	47	4,635	4,885
52	156	71	3,629	4,028
-	21	-	8,814	8,871
-	-	-	15,169	15,169
31	77	-	214	322
944	5,095	1,457	(10,271)	-
-	-	-	1,090	1,090
27,308	61,672	-	(6,585)	82,395
-	-	-	32,726	32,726
-	-	-	29,222	29,222
-	-	-	25,753	25,753
-	-	-	18,543	18,543
-	-	-	1,009	1,009
-	-	-	91,151	91,151
-	-	455	18,236	19,891
<u>\$ 86,946</u>	<u>\$ 218,185</u>	<u>\$ 6,757</u>	<u>\$1,815,633</u>	<u>\$2,341,381</u>
\$ (1,197)	\$ (815)	\$ -	\$ 534,414	\$ 531,995
\$ -	\$ -	\$ -	\$ 11,996	\$ 11,996
<u>\$ (1,197)</u>	<u>\$ (815)</u>	<u>\$ -</u>	<u>\$ 546,410</u>	<u>\$ 543,991</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS  
YEAR ENDED JUNE 30, 2022

	STA Oper Assistance FY2022	Section 18 Operating #2019-024 01-SFY21	Operating 2019-024 002-SFFY22	Cares Operating 2020-010 01-FY20
Operating Expenses:				
Contractual Services	\$ 403,215	\$ -	\$ 788,895	\$ 33,907
Capital Outlay	-	-	-	-
Prior Year	-	757,399	-	821,447
Project Cost	\$ 403,215	\$ 757,399	\$ 788,895	\$ 855,354
Grant Participation in Project Cost	100%	50%	50%	100%
<b>Percentage Participation</b>	<b><u>\$ 403,215</u></b>	<b><u>\$ 378,699</u></b>	<b><u>\$ 394,448</u></b>	<b><u>\$ 855,354</u></b>
<b>Contract Amount</b>	<b><u>\$ 403,215</u></b>	<b><u>\$ 320,253</u></b>	<b><u>\$ 319,811</u></b>	<b><u>\$ 855,354</u></b>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 403,215	\$ 320,253	\$ 319,811	\$ 855,354
Less: Grant Payments received in current year	(367,795)	(51,697)	(204,631)	(234,643)
Less: Grant Payments received in prior year	-	(268,556)	-	(620,711)
<b>Grant Receivable/(Payable) at June 30, 2022</b>	<b><u>\$ 35,420</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 115,180</u></b>	<b><u>\$ -</u></b>

(continued)

<b>Cares Operating 2020-010 01-FY20</b>	<b>Cares Operating 2021-015 00-FY21</b>	<b>21-RPA R07</b>	<b>21-MPO INRCOG</b>	<b>22-MPO INRCOG</b>	<b>22-RPA R07</b>	<b>TAP-R 000T (113) 8T-00</b>
\$ 88,480	\$ 433,838	\$ -	\$ -	\$ 329,486	\$ 117,876	\$ 78,856
-	-	-	-	-	-	-
31,520	-	122,915	285,645	-	-	135,918
\$ 120,000	\$ 433,838	\$ 122,915	\$ 285,645	\$ 329,486	\$ 117,876	\$ 214,774
100%	100%	80%	80%	80%	80%	80%
<b><u>\$ 120,000</u></b>	<b><u>\$ 433,838</u></b>	<b><u>\$ 98,331</u></b>	<b><u>\$ 228,515</u></b>	<b><u>\$ 263,588</u></b>	<b><u>\$ 94,301</u></b>	<b><u>\$ 171,820</u></b>
<b><u>\$ 120,000</u></b>	<b><u>\$ 433,838</u></b>	<b><u>\$ 98,331</u></b>	<b><u>\$ 253,144</u></b>	<b><u>\$ 278,288</u></b>	<b><u>\$ 96,482</u></b>	<b><u>\$ 196,472</u></b>
\$ 120,000	\$ 433,838	\$ 98,331	\$ 228,515	\$ 263,588	\$ 94,301	\$ 171,820
(120,000)	(433,838)	(22,211)	(51,731)	(205,707)	(74,115)	(103,152)
-	-	(76,120)	(176,784)	-	-	(68,668)
<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 57,881</u></b>	<b><u>\$ 20,186</u></b>	<b><u>\$ -</u></b>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS  
YEAR ENDED JUNE 30, 2022

	<b>TAP-R 000T (136) 8T-00</b>	<b>Fellow- ships</b>	<b>CAPITAL 2019-007 02-FY20</b>	<b>EDA 05-83 05378</b>
Operating Expenses:				
Contractual Services	\$ 105,577	\$ 669	\$ -	\$ 118,556
Capital Outlay	-	-	484,404	-
Prior Year	-	-	-	-
Project Cost	\$ 105,577	\$ 669	\$ 484,404	\$ 118,556
Grant Participation in Project Cost	80%	100%	85%	50%
<b>Percentage Participation</b>	<b><u>\$ 84,461</u></b>	<b><u>\$ 669</u></b>	<b><u>\$ 411,742</u></b>	<b><u>\$ 59,278</u></b>
<b>Contract Amount</b>	<b><u>\$ 201,055</u></b>	<b><u>\$ 669</u></b>	<b><u>\$ 414,375</u></b>	<b><u>\$ 70,000</u></b>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 84,461	\$ 669	\$ 411,742	\$ 59,278
Less: Grant Payments received in current year	(16,438)	-	(411,742)	(52,500)
Less: Grant Payments received in prior year	-	-	-	-
<b>Grant Receivable/(Payable) at June 30, 2022</b>	<b><u>\$ 68,023</u></b>	<b><u>\$ 669</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,778</u></b>

*See Accompanying Independent Auditor's Report.*

<b>EDA ED20DEN 3070045</b>	<b>USDA 5881NU31</b>	<b>USDA 5882NU31</b>	<b>TOTAL</b>
\$ 320,094	\$ 6,064	\$ 6,427	\$ 2,831,940
-	-	-	484,404
96,282	5,086	-	2,256,212
\$ 416,376	\$ 11,150	\$ 6,427	\$ 5,572,556
100%	100%	100%	
<b><u>\$ 416,376</u></b>	<b><u>\$ 11,150</u></b>	<b><u>\$ 6,427</u></b>	<b><u>\$ 4,432,212</u></b>
<b><u>\$ 400,000</u></b>	<b><u>\$ 20,000</u></b>	<b><u>\$ 20,000</u></b>	<b><u>\$ 4,501,287</u></b>
\$ 400,000	\$ 11,150	\$ 6,427	\$ 4,282,753
(173,207)	(7,984)	(4,565)	(2,535,956)
(200,000)	(3,166)	-	(1,414,005)
<b><u>\$ 26,793</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,862</u></b>	<b><u>\$ 332,792</u></b>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

<u>GRANTOR/PROGRAM</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Commerce:			
Economic Development Administration:			
Planning Grant	11.302	05-83-05378	\$ 59,278
Economic Adjustment Assistance	11.307	05-79-04738	\$ 286,960
Covid 19 Economic Adjustment Assistance	11.307	ED20DEN3070045	320,094
Covid 19 Economic Adjustment Assistance	11.307	CARES-05-79-06007	510,381
			<u>\$1,117,435</u>
Total U.S. Department of Commerce			<u>\$1,176,713</u>
U.S. Department of Agriculture:			
Passed through Iowa Department of Public Health:			
Supplemental Nutrition Assistance	10.561	5881NU31	\$ 6,064
Supplemental Nutrition Assistance	10.561	5882NU31	<u>6,427</u>
Total U.S. Department of Agriculture			<u>\$ 12,491</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	22-RPA-R07	\$ 66,060
Highway Planning and Construction	20.205	TAP-R-000T(113)	63,085
Highway Planning and Construction	20.205	TAP-R-000T(136)	84,461
Highway Planning and Construction	20.205	22-MPO-R07	213,164
			<u>\$ 426,770</u>
Metropolitan Transportation Planning	20.505	22-RPA-R07	\$ 28,241
Metropolitan Transportation Planning	20.505	22-MPO-R07	50,424
			<u>\$ 78,665</u>
Formula Grants for Rural Areas	20.509	2019-024-00-SFY22	\$ 319,811
Covid 19 Formula Grants for Rural Areas	20.509	2020-010-00-FY20	33,907
Covid 19 Formula Grants for Rural Areas	20.509	2020-010-01-FY20	88,480
Covid 19 Formula Grants for Rural Areas	20.509	2021-015-00-FY21	433,838
Formula Grants for Rural Areas	20.509	Fellowships	669
			<u>\$ 876,705</u>
Federal Transit Formula Grant			
Bus and Facility Formula Program	20.526	2019-007-01-FY20	<u>\$ 411,742</u>
Total U.S. Department of Transportation			<u>\$1,793,882</u>
<b>Total</b>			<b><u>\$2,983,086</u></b>

(continued)



**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**Computation of Assistance Listing Number 11.307-Economic Adjustment Assistance**

	Grant Number 05-79-04738	Grant Number 05-79-06007
Balance of RLF loans outstanding 6/30/22	\$ 143,535	\$ 438,690
RLF cash 6/30/22	238,869	58,514
Administrative expense paid out in 2022	210	13,176
Principal balance written off in 2022	-	-
Total	\$ 382,614	\$ 510,380
Federal percentage	75%	100%
<b>Amount included on Schedule of Expenditures of Federal Awards</b>	<u>\$ 286,960</u>	<u>\$ 510,380</u>

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of INRCOG under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of INRCOG, it is not intended to and does not present the financial position, changes in financial position or cash flows of INRCOG.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** - INRCOG has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Subrecipients** - None

**See Accompanying Independent Auditor's Report.**



Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616

(641) 257-4222  
or (641) 228-2812  
Fax (641) 228-1513

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Iowa Northland Regional Council of Governments:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of INRCOG, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued my report thereon dated December 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered INRCOG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INRCOG's internal control. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether INRCOG's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. No instances of non-compliance or other matters were noted.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Agency. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of INRCOG during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in cursive script, appearing to read "Larry Pump".

Charles City, Iowa  
December 8, 2022



Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616

(641) 257-4222  
or (641) 228-2812  
Fax (641) 228-1513

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE**  
**FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**  
**REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Iowa Northland Regional Council of Governments:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Iowa Northland Regional Council of Government's (INRCOG's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on INRCOG's major federal programs for the year ended June 30, 2022. INRCOG's major federal programs are identified in Part I of the accompanying Schedule of Findings.

In my opinion, INRCOG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards), and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of INRCOG, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of INRCOG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to INRCOG's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on INRCOG's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding INRCOG'S compliance with the compliance requirements referred to above and performing such other procedures as I consider necessary in the circumstances.
- Obtain an understanding of INRCOG'S internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of INRCOG's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

## Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Larry Pump".

Charles City, Iowa  
December 8, 2022

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Findings**  
**Year Ended June 30, 2022**

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) The audit did not disclose any material weaknesses or significant deficiencies in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses or significant deficiencies in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were Assistance Listing Number 11.307 - Economic Adjustment Assistance and 20.509 - Formula Grants for Rural Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) INRCOG did qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

There were no prior year or current year instances of internal control deficiencies noted.

**INSTANCES OF NON-COMPLIANCE:**

There were no prior year or current year instances of non-compliance noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

There were no prior year or current year instances of non-compliance noted.

**INTERNAL CONTROL DEFICIENCY:**

There were no prior year or current year instances of internal control deficiencies noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

2022-A      Questionable Expenses - No expenses I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Findings**  
**Year Ended June 30, 2022**

**Part IV: Other Findings Related to Required Statutory Reporting:** continued

- 2022-B      Travel Expense - No expenses of INRCOG money for travel expenses of spouses of INRCOG officials or employees were noted.
- 2022-C      Business Transactions - No business transactions between INRCOG and INRCOG officials or employees were noted.
- 2022-D      Bond Coverage - Surety bond coverage of INRCOG officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 2022-E      Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and INRCOG's investment policy were noted.
- 2022-F      Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.
- 2022-G      Restricted Donor Activity - No transactions were noted between the Agency, Agency officials, Agency employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.